



State of Utah

Department of Natural Resources

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Division of Oil, Gas & Mining

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October 25, 2004

Daniel A. Jensen, Esq.
Parr, Waddoups, Brown, Gee & Loveless
185 South State Street, Suite 1300
Salt Lake City, Utah 84111-1537

Subject: Approval of Time Extension Request, 5-Yr Escalated Surety Estimate, Geneva Steel, Iron Mountain Mine, M/021/008, Iron County, Utah

Dear Mr. Jensen:

Thank you for meeting with Doug Jensen and me on October 21, 2004, and explaining the current situation associated with the Geneva Steel's Iron Mountain Mine property. Subsequent to that meeting we received your October 22, 2004 letter, that requests a 12-month time extension to provide a \$226,100, 5-yr escalated increase in the \$1,073,000 reclamation surety amount, currently held for Geneva Steel's Iron Mountain Mine.

We are cognizant of the extenuating circumstances associated with the ongoing Chapter 11 reorganization plan and the difficulties in providing supplemental surety at this time. We are also aware of Geneva's efforts to sell the Iron County holdings and have been in contact with the potential buyer who seems to be making some progress toward the purchase. The Division is prepared to extend the due date for posting of the escalated bond but will only do so in three month increments. You should provide the updated surety within three months of the date of this letter, or no later than January 24, 2005. Should you require additional time, you should request it at that time and provide a report on the progress being made on the pending sale.

If you have any questions concerning this letter, please contact me, or Doug Jensen of my staff.

Sincerely,

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:jb

cc: Ed Ginouves, BLM, Cedar City FO (UTU-71131)
Doug Jensen, DOGM

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